



صناعات قطر
Industries Qatar

Press Release

For the period ended 30 June, 2017

IQ POSTS NET PROFIT OF QR 1.6 BILLION FOR THE FIRST HALF OF 2017

- **Net profit of QR 1.6 billion, significantly up on budget.**
- **Solid financial position with IQ share of total assets of QR 37.7 billion including total cash of QR 10.2 billion across the group.**
- **Price improvement aided group's financial performance, but performance impacted by lower sales volumes.**

DOHA, QATAR – 8/8/2017 - Industries Qatar (“IQ” or “the group”; QE: IQCD), one of the region’s industrial giants with interests in the production of a wide range of petrochemical, fertilizer and steel products, announced its financial results for the period ended June 30th, 2017 with net profit of QR 1.6 billion.

The group reported a commendable performance, however, the performance in some segments, in particular the operational performance of polyethylene and fertilizer segments, was affected due to some planned and unplanned maintenance during the first half of 2017. Prices, most specifically the prices of polyethylene and fuel additives have improved on last year as prices troughed during first half of 2016 on the backdrop of depressed crude oil prices which prevailed in early 2016. On the other hand, prices of fertilizer remained relatively stable, while the prices of steel were marginally down on last year.

The group’s financial position remains solid as cash across the group stands at QR 10.2 billion after paying 2016’s dividend of QR 2.4 billion, and periodic debt payments.

Financial Performance

Revenue

Revenue reported under IFRS 11 for the period ended June 30th, 2017 was QR 2.0 billion, a decrease of ~17 %, over the same period of 2016. This year-on-year variance was primarily due to a modest reduction in the sales volumes driven by a decrease in production of polyethylene and fertilizers. The impact of reduced volumes were partially negated by the improved product prices, most notably the prices of petrochemicals.

Net Profit

Net profit for the period ended 30 June 2017 was QR 1.6 billion, down by ~19% against the same period of 2016 with an EPS of QR 2.66 (Q2, 2016: EPS of QR 3.29). The reduction in the net profit was predominantly driven by the lower revenues resulting from a slight decrease in sales volumes across most operating segments. Operational performance together with operating costs, are expected to improve further with the on-going cost optimization programs.

The group is closely monitoring the effect of the blockade and is amending the flow of operations and activities when deemed necessary.

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For more information about this press release, email iq@qp.com.qa or visit

www.iq.com.qa

DISCLAIMER

The companies in which Industries Qatar QSC directly and indirectly owns investments are separate entities. In this press release, "IQ" and "the group" are sometimes used for convenience in reference to Industries Qatar QSC.

This presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of Industries Qatar QSC. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realisation of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the group's products, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this document.

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GENERAL NOTES

Industries Qatar's accounting year follows the calendar year. No adjustment has been made for leap years. Where applicable, all values refer to Industries Qatar's share. Values expressed in QR billions and percentages have been rounded to 1 decimal point. All other values have been rounded to the nearest whole number. Values expressed in US \$'s have been translated at the rate of US \$1 = QR3.64.

DEFINITIONS

Adjusted Free Cash Flow: Cash Flow From Operations - Total CAPEX - Dividends • **CAGR:** 5-Year Compound Annual Growth Rate • **Cash Realisation Ratio:** Cash Flow From Operations / Net Profit x 100 • **Debt to Equity:** (Current Debt + Long-Term Debt) / Equity x 100 • **Dividend Yield:** Total Cash Dividend / Closing Market Capitalisation x 100 • **DRI:** Direct Reduced Iron • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation calculated as (Net Profit + Interest Expense + Depreciation + Amortisation) • **EPS:** Earnings per Share (Net Profit / Number of Ordinary Shares outstanding at the year end) • **Free Cash Flow:** Cash Flow From Operations - Total CAPEX • **HBI:** Hot Briquetted Iron • **LDPE:** Low Density Poly Ethylene • **LLDPE:** Linear Low Density Poly Ethylene • **mmBTU:** Million British Thermal Units • **MT PA:** Metric Tons Per Annum • **MTBE:** Methyl Tertiary Butyl Ether • **Payout Ratio:** Total Cash Dividend / Net Profit x 100 • **P/E:** Price to Earnings (Closing market capitalisation / Net Profit) • **Utilization:** Production Volume / Rated Capacity x 100

ABOUT IQ

Industries Qatar QSC was incorporated as a Qatari joint stock company on April 19, 2003. The business operations of the company comprise the direct holding of shares in the following subsidiary and joint venture companies: (i) Qatar Steel Company QSC ("QS"), a wholly-owned subsidiary, engaged in the manufacture and sale of steel billets and reinforcing bars; (ii) Qatar Petrochemical Company Limited QSC ("QAPCO"), a joint venture owned 80% by IQ, engaged in the production of ethylene, low-density polyethylene ("LDPE"), linear low-density polyethylene ("LLDPE") and sulphur; (iii) Qatar Fertilizer Company SAQ ("QAFCO"), a joint venture owned 75% by IQ, engaged in the manufacture of ammonia and urea; and (iv) Qatar Fuel Additives Company Limited QSC ("QAFAC"), a joint venture owned 50% by IQ, engaged in the production of methanol and methyl-tertiary-butyl-ether ("MTBE"). The operations of the subsidiary and joint ventures remain independently managed by their respective management teams.

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